

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PADUCAH AIRPORT CORPORATION)

COMPLAINANT)

VS.)

CASE NO. 92-345

JACKSON PURCHASE ELECTRIC)

COOPERATIVE CORPORATION)

DEFENDANT)

ORDER TO SATISFY OR ANSWER

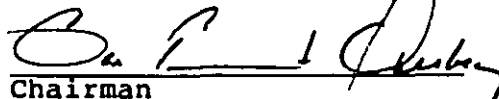
Jackson Purchase Electric Cooperative Corporation ("Jackson Purchase") is hereby notified that it has been named as defendant in a formal complaint filed on August 13, 1992, a copy of which is attached hereto.

Pursuant to 807 KAR 5:001, Section 12, Jackson Purchase is HEREBY ORDERED to satisfy the matters complained of or to file a written answer to the complaint within 10 days from the date of service of this Order.

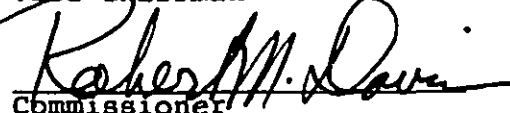
Should documents of any kind be filed with the Commission in the course of this proceeding, the documents shall also be served on all parties of record.

Done at Frankfort, Kentucky, this 24th day of August, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

LAW OFFICES

HERBERT S. MELTON, JR.

*222 Katterjohn Building
Box 7406 - Arcadale Station
Paducah, Kentucky 42002-7406*

502/448-5448

RECEIVED

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PUBLIC SERVICE
COMMISSION

August 12, 1992

HERBERT S. MELTON, JR.

Mr. Don Mills
Executive Director
Kentucky Public Service Commission
P. O. Box 615
Frankfort, KY 40602

C.N. 92-345

RE: Paducah Airport Corporation
Vs.
Jackson Purchase E. C. C.

Dear Mr. Mills:

I am in receipt of your letter of August 6, 1992, and the returned package of the application of Paducah Airport Corporation.

Upon receipt I met with W. David Denton, attorney for JPECC and discussed its contents with the following results:

1. JPECC will not file for the deviation on its behalf, as Mr. Denton thinks it would state a precedent for future action by others against JPECC.
2. He is of the opinion that any person, business, etc. has the right to appeal to the Commission for relief, to that I agree.
3. He suggested PAC changes the filing to a "Formal Complaint". I agree to do so.
4. JPECC will respond to the formal complaint, acquiescing to the request of deviation stated in the complaint.

Again upon the answer of JPECC which is expected to be favorable, both parties hope that it can be handled in a summary proceeding before the Commission to save time and expense.

Again I thank you and your staff for its fine cooperation you have given this request.

Very truly yours,

H.S. Melton
Herbert S. Melton, Jr.

cc:

Hon W. David Denton, Attorney JPECC

Mr. David Stiles, General Manager JPECC

Mr. Max Ladit, President PAC

Mr. Richard Roof, Manager BRA

Before the Kentucky Public Service Commission
Frankfort, Kentucky

Paducah Airport Corporation
COMPLAINANT

vs.

Jackson Purchase Electric
Cooperative Corporation
DEFENDANT

ORIGINAL

No. 92-345

F O R M A L C O M P L A I N T
REQUEST FOR DEVIATION FORM RULES UNDER TITLE 807 KAR SECTIONS 9
(1) AND (2) UNDER SECTION 22

Aug 13 10 14 AM '92

THE COMPLAINANT STATES AS FOLLOWS:

I - IDENTIFICATION OF COMPLAINANT.

The Complainant, Paducah Airport Corporation(PAC), is a Kentucky not-for-profit corporation, with its principal office located at Barkley Regional Airport Terminal, whose mailing address is P. O. Box 1131, Paducah, KY 42002-1131. Mr. Max Ladt is both President and Chairman of the Board of Directors. His mailing address is P. O. Box 7749, Paducah, KY 42002-7749.

II - IDENTIFICATION OF DEFENDANT.

The Defendant, Jackson Purchase Electric Cooperative Corporation (JPECC), is a Kentucky Corporation, whose principal office is located at 2900 Irvin Cobb Drive, whose mailing address is P. O. Box 3188, Paducah, KY 42002-3188. Its General Manager

is Mr. David Stiles, Jr., whose mailing address is the same as the Cooperative.

III - HISTORY AND BUSINESS OF COMPLAINANT

The Paducah Airport Corporation was formed in 1941 as a Kentucky not-for-profit corporation by a group of the elected officials of The City of Paducah and The County of McCracken and three other public spirited citizens of the Paducah area to purchase real estate and develop a public airport for the use and benefit of both local and area residents to provide aviation needs and services in this rural area of Western Kentucky.

Due to the fact there were no State Statutes in 1941 relative to airports for cities of second class and others, this unique not-for-profit procedure was used. It still continues to operate under this format.

Using general tax funds and other commitments, The City of Paducah and The County of McCracken purchased some 550 acres of farm real estate upon which Barkley Field was constructed. In early 1942 during World War II the U. S. Army Air Corps constructed two 4,000 feet concrete runways as an auxiliary landing field for B-17's and B-24's for other bombing Air Corps training bases in Tennessee and Missouri. Immediately, after purchase, The City and The County, as joint tenants, leased the tract to PAC, as Lessee, under which PAC operates as their operating agent of both The City and The County. PAC's present lease has been extended by the Lessors until November 7, 2009. Unlike many other similar Kentucky airports, PAC has never had a statutory tax base granted to support it. PAC's only income is

that generated from contracts with individuals and organizations using its facilities, and development grants from the Federal Aviation Administration and other Federal and State agencies.

Since its inception, all surplus income has been used for the improvement of its facilities. All of the officers and directors volunteer their time and effort and serve without any compensation for their services.

Truthfully speaking, PAC's financial operations have always been on a "hand to mouth" basis. For its successful operation, the Board of Directors has had to watch every penny spent. The results of this practice have been proven successful by its expansion over the past 50 years.

However, it is a continuous fight to maintain its financial balance and service due to the competition from high fares that our commuter airlines must charge to remain in business when faced with four lane highways in all directions from Paducah which causes a great number of potential customers to drive rather than to fly to large airports.

Because of its governmental origin and continuing operation as a public airport, PAC has been and is considered a publicly owned, primary commercial airport serving the public aviation needs of all thirteen rural Western Kentucky counties and the adjacent similar areas of Illinois, Missouri and Tennessee, within a 50 to 75 mile radius of Barkley Regional Airport. (In the middle '70's the Federal Aviation Administration approved the change of name from Barkley Field to Barkley Regional Airport.)

From its humble start of 550 acres of farm land, Barkley Regional Airport is now comprised of over 850 acres, and is presently served on a daily basis by with three commuter

airlines, providing flights to Nashville, Memphis and St. Louis, for transport to any city in the world. In addition PAC offers a complete Fixed Base Operation service to all local and transient aircraft desiring to use its facilities. PAC also operates its own control tower, and is the site of a FAA weather station and is a future site of a new National Weather Service Center to be constructed in the next year.

At this time, Barkley Regional Airport is the source of employment of 156 people, this number includes both PAC's direct employees and those of tenants and contractees.

IV - BUSINESS OF DEFENDANT.

The Defendant is a public Kentucky corporation, organized under Kentucky Statutes authorizing electric cooperatives, for the purpose of distributing electrical power to the general public within the confines of its authorized area. Barkley Regional Airport is entirely within JPECC's service area.

V - PURPOSE FOR PAC'S REQUEST FOR DEVIATION OF RULES

Over the ensuing 50 years from its inception, there have been sixteen separate electrical services installed for use by PAC or others which services have been taken over by PAC use in the operation of Barkley Regional Airport facilities. This meter count does not include the meters and lines used by PAC's tenants. PAC's use includes the passenger terminal, runway lights, maintenance buildings, fire station, fuel farm and public parking lot at the terminal. Because of the

enlargement of the airport facility over the past 50 years, this has been done on an "as needed-when needed" basis all over the airport property. Since it was on a "piece meal" basis, PAC was unable to develop a uniform plan for the electrical distribution at the airport. As a result of this haphazard development, PAC's electrical expense now has climbed to approximately 7.5% of its operating budget.

At the present time each meter is read separately, and PAC has and does pay JPECC monthly according to the established rate for the three different JPECC Tariff Schedules. For the twelve (12) months ending November 20, 1991. PAC paid JPECC the sum of \$41,494.82.

On or about August 1, 1992, PAC will open its new Fixed Base Operations facility, which will include a new modern hangar of 11,000 sq. ft., plus another 7,000 sq. ft. area for offices, conference rooms and workshops, plus a lighted parking lot in the new area. Calculations by PAC's consultant anticipates the addition of an estimated diversified load of 90 KW at an estimated additional cost of \$1,200 monthly to PAC: an approximate expense of \$14,400 annually, and additional income to JPECC

PAC has conferred with JPECC relative to finding some permissible way which could reduce the electrical expense at Barkley. At the request of Mr. Ladit, JPECC permitted PAC to meet with the JPECC Board of Directors on July 23, 1992 to see if a mutual accommodation could be reached. Both parties set forth their positions and possible financial effects of the proposals.

Following the meeting and a discussion of existing PSC regulations with the Acting Executive Director of the PSC, PAC

are applicable to the problem of PAC because of the multiplicity of the meters.

PAC proposes:

(1) - That PAC with the permission of JPECC, will read all electrical meters through which current passes to all PAC's present and future installations at Barkley Regional Airport, and that it forthwith transmit the readings, to JPECC for timely billings. JPECC will have the right to verify readings at its discretion. This shall apply only to electrical meters listed in the name and the responsibility of Paducah Airport Corporation, and not to those of any other tenants using the airport facilities.

(2) - Upon receipt JPECC shall consolidate the readings showing the KWH usage and PAC will be billed monthly at the least costly rate under JPECC's filed tariffs under Schedule C, D and ND.

(3) - That the status of both PAC, as the only public owned rural primary commercial airport within JPECC service area and JPECC, a public corporation, be taken into consideration since both are operated for the use and benefit of the general rural public and members of the cooperative, and any accommodation reached between the two be deemed for the public benefit of both and shall not be deemed a precedent by JPECC beyond the understanding to be reached between the parties with the approval of the Public Service Commission.

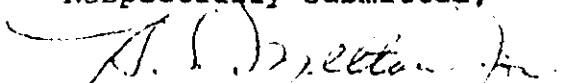
(4) - That the Public Service Commission is requested pursuant to KAR 5.041 Section 22 Deviation From Rules, rule, that for good cause shown from the facts presented herein by PAC that KAR 5.041 Sections 1 and 2 are waived relative to this controversy and that JPECC shall have the authority to

consolidate the meter reading of PAC at Barkley Regional Airport into a single monthly billing under its best present or future tariffs filed or to be filed with the Commission.

It is noted under Title 807 KAR 5.046 Section 3 (1), (2) and (3) already provides for certain "Exclusions." PAC is not requesting that Section 3 (2) be changed, but that PAC with the consent of JPECC and PSC be authorized to use master metering in this single undertaking.

Dated at Paducah, Kentucky, this 27th day of August, 1992.

Respectfully submitted,



H. S. Melton, Jr, Attorney
Paducah Airport Corporation
P. O. Box 7406
Paducah, KY 42002-7406

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Request for Deviation for Rules was served by Postage Prepaid to the following:

Mr. David Stiles
General Manager
Jackson Purchase E. C. C.
P. O. Box 3188
Paducah, KY 42002-3188

Hon. David W. Denton
Denton and Keuler
P. O. Box 929
Paducah, KY 42002-0929

This 27th day of August, 1992.



H. S. Melton, Jr.